

Risk	Letting authority	Contractor	Shared	Mitigation
Investment risk	Letting authority			The letting authority must extract a good price for the contract. There is no other mitigation for systemic investment risk.
Positive Investment fluctuation		Contractor		The letting authority retains any exit credit.
Ill-health retirement	Letting authority			The contractor will be obliged to use Brent's IRMP.
Early retirement/strain costs		Contractor		There is no mitigation (To remain with the contractor)
Pension enhancement (SCAPCs/SCAVCS/R31)		Contractor		There is no mitigation (To remain with the contractor)
Excess salary awards	Letting authority			This is partially self-limiting and can be managed at the valuation.
Bonds	Letting Authority			It is important to negotiate a good contract price as there is no mitigation if an employer becomes insolvent.
Employer's contribution rate	Letting authority			Reviewed at the valuation in the light of experience.
Changes to underlying actuarial assumptions	Letting authority			The changes will be incorporated in the primary contribution rate at the valuation.
Changes in the admission agreement's demographic	Letting authority		These changes may feed through to the generic employer's contribution rate at the valuation	The average age of active members will inevitably rise in a closed admission agreement.
Fewer contributing members	Letting authority		This is a natural decline in a small subset	Voluntary retirement and employees changing jobs will naturally reduce the contribution pool as a closed AA matures.
Changes to the benefit structure due over/undershooting the 3% cost window			This should be cost neutral as the overall benefits package will be adjusted (up or down) to keep the overall cost within the window	This would only be triggered by significant changes and the latest figures suggest that the cost of the scheme is falling.
Accounting for pension liabilities	Letting authority			The letting authority will have to retain the admitted bodies pension liabilities in their accounts.